



## Drumbeat: July 14, 2010

Posted by [Leanan](#) on July 14, 2010 - 9:12am

Topic: [Miscellaneous](#)

### [ANALYSIS - Sanctions tighten pressure on Iran's oil industry](#)

(Reuters) - A new round of U.S. and European sanctions targets Iran's dilapidated oil sector from top to bottom, making it even more difficult to maintain output capacity and domestic supplies of fuel.

The United States, seeking to halt Tehran's nuclear enrichment activities, passed unilateral sanctions earlier this month that for the first time allow it to punish the U.S. operations of international firms who supply fuel to Iran.

Although the world's fifth-largest oil exporter, Iran lacks the refining capacity to meet domestic fuel demand and relies on imports to meet up to 40 percent of its gasoline needs.

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preciate that the world's petroleum resources are finite, few understand the proximity of the crisis.

### [US oil refining capacity down first time since 2003](#)

(Reuters) - U.S. oil refining capacity fell for the first time since 2003 as the weak economy reduced demand for gasoline, diesel fuel and other petroleum products, the Energy Information Administration said on Wednesday.

There were 148 refineries at the beginning of this year with an operating capacity of almost 17.6 million barrels per day, down 87,760 bpd from last year, the Energy Department's analytical arm said. It the was the first decline in total U.S. refining capacity since 2003.

### [Barack's Peak Oil Confession](#)

Shortly after being sworn in, the President of the United States is briefed on secrets of national security... secrets of our nation's frailty... secrets that aren't revealed to anyone except top government officials.

But what Obama let slip — and what commentators on NBC, Fox, and MSNBC completely missed — could send the price of oil skyrocketing... and a nation into panic mode:

### [Chesapeake may attract Asian investors to assets](#)

Alberta (Reuters) - Chesapeake Energy Corp may attract more Asian investors to its banking group or as buyers of interests it has on the block, but the U.S. natural gas producer has no immediate plans for another stock sale, an executive said on Wednesday.

### [Alberta upgrader talks uncertain](#)

Negotiations between Alberta's government and a joint venture seeking to process bitumen paid to the province in lieu of cash royalties may not yield an agreement, the province's energy minister said today.

### [Italy mulls new offshore drilling rules](#)

Italy is considering new rules to tighten permits for offshore oil and gas exploration and production after BP's oil spill disaster in the Gulf of Mexico, the Industry Ministry Undersecretary said today.

### [EU plans to strengthen rules for offshore drilling](#)

BRUSSELS - The EU's executive is planning to toughen rules covering accident prevention and liability for offshore oil drilling in response to BP's Gulf of Mexico spill, Europe's environment chief said on Wednesday.

### [BP may skip pressure test on oil well cap](#)

BP might skip a highly touted pressure test on a cap at the gushing Gulf of Mexico wellhead if experts determine it could risk another leak by damaging the blown-out well, a company executive said Wednesday.

### [Birds flying right into oily morass of Gulf](#)

The piping plovers already are flying toward peril. The endangered birds are among the first of millions that will migrate this fall to the Gulf of Mexico— and the oil leak that could kill them.

Some birds, including the common loon and lesser scaup, spend winters along the Gulf Coast. Others, such as the blue winged teal, use the Gulf as a staging area where they stock up on food before flying to Latin America.

"There are millions of birds at risk," says Ken Rosenberg, conservation science director at the Cornell Lab of Ornithology. "It's safe to say thousands will die."

### [Offshore Drilling: To Pause or Not to Pause](#)

Three weeks ago, William K. Reilly, the newly named co-chairman of the presidential commission appointed to investigate the BP oil spill, said he thought the six-month moratorium on deepwater drilling in the Gulf of Mexico was necessary – and maybe even too short.

### [The Road to Deepwater Horizon](#)

Eighty four days after it began, with probably 180 million gallons spilled, the oil leak in the Gulf of Mexico may be at an end. BP's new cap should stop the flow. But the questions over the oil giant's record endure. Company insiders, past and present, say the Deepwater Horizon disaster was all too foreseeable. They describe a culture of arrogance and risk-taking spanning decades. Profits, it seems, always come before safety and whistle-blowers are intimidated, pressured out, or fired. Though CEO Tony Hayward promised to make the company safer when he took over in 2007, the pressure to cut costs intensified as he struggled to please shareholders amidst an economic downturn.

### [Why Does China Want BP?](#)

Watch out: Beijing's resource policies can be predatory.

### [Scientists say Gulf spill altering food web](#)

NEW ORLEANS – Scientists are reporting early signs that the Gulf of Mexico oil spill is altering the marine food web by killing or tainting some creatures and spurring the growth of others more suited to a fouled environment.

### [BP explores B.C. coal methane reserves](#)

BP has set up its first test well in B.C. to explore the possibility of extracting methane from coal in the Rocky Mountains of the province's southeast.

## [U.S. Wary of South Korea's Plan to Reuse Nuclear Fuel](#)

South Korea, which has no oil reserves, derives 40 percent of its electricity from nuclear reactors and is running out of space to store the highly radioactive spent nuclear fuel.

So the South Korean government wants to reprocess the used material — both to provide fuel for its next generation of fast-breeder reactors and to reduce its stored waste.

But South Korea is prohibited from such activities under a 1974 agreement with the United States. The plutonium that results from reprocessing spent fuel can power nuclear reactors — which South Korea insists is its only goal — but can also be used to make atomic bombs, as North Korea has done.

## [Utah firm nixes plan to import Italian nuke waste](#)

SALT LAKE CITY – EnergySolutions Inc. said Wednesday it is abandoning its plans to dispose of nuclear waste from Italy in Utah's west desert and instead will try to help open a disposal facility in that country.

The Salt Lake City-based company had been seeking to import up to 20,000 tons of low-level radioactive waste from Italy's shuttered nuclear power program. After processing in Tennessee, about 1,600 tons would have been disposed of in Utah.

## [Exxon says growing its algae biofuels program](#)

(Reuters) - Exxon Mobil Corp said on Wednesday it opened a greenhouse facility to grow and test algae, the next step for its nascent biofuels program.

## [Manure helps power new army barracks](#)

LONDON (Reuters) – Bio-fuel pellets made from horse manure will help power the new barracks of the Royal Horse Artillery, the Ministry of Defense announced.

## [Obama pushes electric cars, battery power this week](#)

President Obama will travel to Holland, Mich., Thursday for the groundbreaking of a Compact Power Inc. factory. The company received \$151 million in federal stimulus money to open the plant, which will make lithium ion cells for plug-in hybrids and employ about 450 people by 2013.

Obama has promised to bring 1 million plug-in hybrids to American roads by 2015. The

administration has pledged \$2.4 billion in federal grants to develop next-generation electric vehicles and batteries.

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Although the world's fifth-largest oil exporter, Iran lacks the refining capacity to meet domestic fuel demand and relies on imports to meet up to 40 percent of its gasoline needs.

### [Nigeria: Officials backpedal on state oil finances](#)

ABUJA, Nigeria (AP) -- Two Nigerian government officials say the state-run oil company is on sound fiscal ground, a day after a finance minister called the firm "insolvent."

Information Minister Dora Akunyili told reporters Wednesday that the Nigerian National Petroleum Corp. "does not have solvency issues." Finance Minister Segun Aganga also said the insolvency claim didn't look at the "comprehensive picture."

### [Indian Oil, State-Run Refiners to Review Gasoline Prices Once a Month](#)

Indian Oil Corp. and other state-run refiners will review gasoline prices once a month after the government freed rates of the auto fuel to reduce subsidies.

### [More oil added to Brazil's recoverable reserves](#)

RIO DE JANEIRO (UPI) -- First tests at Brazil's offshore Franco field added another 50,000 barrels a day of crude oil to the Latin American country's reserves amid a mixture of celebration and caution in the aftermath of the Gulf of Mexico environmental disaster.

### [Minister delays decision on floating LNG project](#)

A DAY after the federal government froze \$30 billion worth of investment in Queensland's liquefied natural gas sector comes news that Royal Dutch Shell's \$5.7 billion Prelude LNG project has also suffered an environmental setback.

### [France doubles exports to UK power market](#)

(Reuters) - French power exports to Britain have more than doubled in three months as ample supply due to strong nuclear power production and two-year highs in water reservoir levels kept French spot electricity prices below British equivalents.

### [Norway wealth fund shrank to \\$447 bln in June](#)

(Reuters) - The value of Norway's sovereign wealth fund fell by 0.4 percent in June to a preliminary 2.790 trillion Norwegian crowns (\$446.6 billion) from 2.802 trillion at the end of May, central bank data showed on Wednesday.

### [Analysis: Looking Ahead to GOM Snap Back](#)

Arguments favoring a recovery in Gulf of Mexico rig activity are plentiful (once we get past the politics surrounding the oil spill) and include:

### [Oil still flows as BP delays cap tests](#)

The plan to start choking off oil gushing into the Gulf of Mexico was suddenly halted as government officials and BP said further analysis must be done Wednesday before critical tests could proceed.

No explanation was given for the decision, and no date was set for when testing would begin on the new, tighter-fitting cap BP installed on the blown-out well Monday.

### [BP Would Be Barred From New Offshore Leases Under House Bill](#)

The House Natural Resources Committee adopted the amendment by voice vote today while considering legislation to toughen safety standards for offshore drilling after the BP spill in the Gulf of Mexico

### [BP Must Halt Libya Wells, Say Senators Seeking Lockerbie Probe](#)

"Evidence in the Deepwater Horizon disaster seems to suggest that BP would put profit ahead of people," Senators Frank Lautenberg and Robert Menendez of New Jersey and

Charles Schumer and Kirsten Gillibrand of New York wrote in the letter to Clinton yesterday. "The question we now have to answer is, was this corporation willing to trade justice in the murder of 270 innocent people for oil profits?"

Menendez, Schumer and Lautenberg held a press conference in Washington this morning "to call for BP to suspend its oil drilling plans in Libya," Mike Morey, a spokesman for Schumer, wrote in an e-mail.

### [The lost legacy of the last great oil spill](#)

Some ecosystems bounced back after the 1979 Ixtoc I oil spill, but research quickly withered.

### [Surge seen in number of spill-eating microbes](#)

WASHINGTON -- The number of naturally occurring microbes that eat methane grew surprisingly fast inside a plume spreading from BP's ruptured oil well, an oceanographer who was one of the first to detect the plumes said Tuesday.

Samantha Joye, a marine sciences professor at the University of Georgia at Athens, said it's good news that the microbes are eating the methane. However, the microbes also use oxygen in the water, and Joye said the repercussions of the resulting oxygen depletion aren't yet known.

### [FDIC: Ease loan terms for borrowers hurt by oil spill](#)

The nation's top banking regulators told financial institutions to go easy on customers affected by BP PLC's oil spill in the Gulf of Mexico.

### [Sicily plant offers Italy new impetus on solar front](#)

PRIOLO GARGALLO, Sicily (Reuters) - Italy's largest utility Enel on Wednesday opened a long-delayed solar plant boasting new technology that could help Italy partially catch up with more advanced solar markets like Spain.

### [Biodiesel an option for 2011 cellulosic shortage](#)

The U.S. EPA has issued the proposed production volumes for the 2011 RFS2, calculating biomass-based diesel for 2011 at 800 million gallons. To formulate the production number, EPA examined both industry capacity and recent production rates. "As of April 2010, the aggregate production capacity of biodiesel plants in the U.S. was

estimated at 2.2 billion gallons per year across approximately 137 facilities,” EPA said.

“The biodiesel industry stands ready, willing and able to produce the wet gallons required to comply with the program,” said Joe Jobe, National Biodiesel Board CEO. “By 2011, much of the uncertainty that has accompanied the start up and transition of the program in 2009 and 2010 will have been eliminated.”

### [Paul and prognostication](#)

Consider Nouriel Roubini, the economist who shot to global gurudom after he correctly predicted the meltdown of 2008. Every time he is interviewed, every time he is introduced to an audience, Roubini's famous call is mentioned. What is never mentioned is that Roubini also called for a recession in the United States in 2004, 2005, 2006, and 2007. Or that after the crash of 2008 he said oil would stay below \$40 a barrel throughout 2009 (it doubled in price). Or that he said stocks were going nowhere but down (they soared).

### [Energy crisis? We've been here before](#)

Around 400 years ago, Britain faced another problem of dwindling energy resources: 'peak wood'.

### [Jeff Rubin: Oil must rise to make oil sands economical](#)

It's not its carbon trail that stands in the way of the Alberta tar sands' picking up the supply ball dropped by deep-water drilling in the Gulf of Mexico. After all, tar sands fuel is no dirtier than coal, and Americans haven't let that fossil fuel's carbon trail stand in the way of its generating almost half of their electrical power. If America is going to ban tar sands fuel, why doesn't it ban coal as well?

Double standards aside, though, Congressman Henry Waxman and Governor Arnold Schwarzenegger needn't worry about growing American dependence on dirty tar sands fuel. TransCanada's proposed Keystone XL pipeline, connecting as much as 900,000 barrels a day of oil from the tar sands to Texas refineries, isn't going to have much flowing in it if oil prices stay where they are today.

### [Oil dips below \\$77 as US crude supplies rise](#)

LONDON – Oil prices dropped below \$77 a barrel Wednesday after a report showed U.S. crude supplies rose unexpectedly last week, suggesting demand remains lackluster.



## [U.S. Import Prices Fell in June by Most Since January 2009 on Oil's Slide](#)

Prices of goods imported into the U.S. fell in June by the most since January 2009, led by declines in costs of oil, business equipment and consumer goods.

The 1.3 percent decline in the import price index was more than projected and followed a revised 0.5 percent drop in May, Labor Department figures showed today in Washington. Economists forecast a 0.4 percent decrease, according to the Bloomberg News survey median. Prices excluding petroleum fell 0.5 percent, the biggest decline since March 2009.

## [Oil Imports Dropping From Record as China Curbs Refining](#)

Chinese oil imports may decline from this month's record high as waning energy demand reduces refining profits.

Monthly imports may decline at least 19 percent to 18 million metric tons in the second half, from a record 22.3 million tons in June, according to Wang Aochao, a former Exxon Mobil Corp. marketing official who heads China energy research at UOB-Kay Hian Ltd. in Shanghai. Refining profits at state-owned China Petroleum & Chemical Corp., or Sinopec, sank almost 90 percent from May to June, a company official said.

## [Russia promises Iran fuel despite sanctions](#)

MOSCOW (AFP) – Russian companies are ready to supply fuel to energy-hungry Iran, despite unilateral US and EU sanctions targeting Tehran's oil and gas sectors, the Russian energy minister said on Wednesday.

## [Rhine Freight Rates for Refined Oil Products Rise as Water Levels Recede](#)

The cost of shipping oil products on the Rhine River advanced after water levels fell in the last three weeks, reducing the amount of fuel that can be carried on barges.

## [BP Plans to Start Drilling Off Libya as U.S. Senators Seek Lockerbie Probe](#)

BP Plc plans to start drilling off Libya's coast in the next few weeks as its links with the North African country come under scrutiny from U.S. lawmakers.

The London-based company has a rig in place to start a well in the Gulf of Sirt after completing a seismic survey last year. BP also plans to drill onshore in the 13,000 square kilometer Ghadames basin by the end of the year, Robert Wine, a spokesman for BP, said today.

### [US officials order delay in vital oil well test](#)

NEW ORLEANS, Louisiana (AFP) – BP was poised Wednesday to carry out a make-or-break test on the integrity of the leaking Gulf of Mexico oil well, following a delay imposed by US authorities.

The former Coast Guard chief leading the US response to the disaster took the decision to put the test off until Wednesday at the earliest after meeting Energy Secretary Steven Chu, a Nobel-winning physicist, and other experts.

### [BP sells strategic oil storage assets to Magellan](#)

NEW YORK (Reuters) – BP Plc said on Tuesday it sold its Cushing, Oklahoma, oil tanks, a major tool of its renowned trading arm, in its first asset sale since the Macondo well blowout saddled it with multibillion-dollar liabilities.

### [Oil Spill's Impact on Gulf Seafood Remains Uncertain](#)

As the spill reaches more of the food supply, the government steps up monitoring to try to keep the local seafood industry from collapsing.

### [Putin Providing BP Investor Haven as Yields Tumble on TNK-BP Dollar Bonds](#)

The worst oil spill in U.S. history is proving a bigger risk to debt investors than Russian Prime Minister Vladimir Putin as BP Plc bonds yield more than those of its Moscow-based affiliate TNK-BP.

### [And Now, Bring On the Engineers](#)

The National Academy of Engineering has appointed a panel to investigate the technical failures that resulted in the gulf oil spill.

### [Action-Figure Jindal, No-Party Crist Gain on BP Spill Response](#)

Louisiana Governor Bobby Jindal says he delivered an ultimatum on the Obama administration's handling of the BP Plc oil spill to Vice President Joe Biden: "Lead or get out of the way."

The Republican recounted the June 29 conversation, held during a Biden visit to the Gulf Coast, to reporters at a subsequent press conference. Jindal, whose state has been

hit hardest by the disaster, has been a vocal critic of the federal response, and it's paying off. His approval rating has jumped as much as 10 percentage points in state polls.

### [BP well may be capped, but oil's damage is far from over](#)

NEW ORLEANS, Louisiana (AFP) – BP may be on the verge of capping the well which has been gushing oil into the Gulf of Mexico, but the cleanup is far from over and the damage to the region's environment and economy could last decades.

### [How Much Does a Gallon of Gas Cost?](#)

Most of us would call the BP spill a tragedy. Ask an economist what it is, however, and you'll hear a different word: "externality." An externality is a cost that's not paid by the people using the good that creates the cost. The spill is going to cost fishermen, it's going to cost the ecosystem, and it's going to cost the area's tourism industry. But that cost won't be paid by the people who wanted that oil for their cars. It'll fall on taxpayers, on Gulf Coast residents who need a new job, on the poisoned wildlife.

That means that the gasoline you're buying at the pump is — stick with me here — too cheap. The price you pay is less than the product's true cost. And it's not just catastrophic spills and dramatic disruptions in the Middle East that add to the price. Gasoline has so many hidden costs that there's a cottage industry devoted to tallying them up. At least the ones that can be tallied up.

### [Drilling woes may creep onshore](#)

Restrictions on new oil and gas drilling could soon spread from the Gulf of Mexico to onshore operations as the BP spill highlights the dangers associated with energy production.

There's currently a moratorium set to last until November 30 on drilling rigs used for deepwater operations in the Gulf of Mexico. The moratorium is designed to halt new operations until the causes of the BP accident are known and new safety procedures can be put in place.

But the incident has heightened concerns over other forms of oil and gas drilling - specifically drilling in the prolific but controversial shale formations.

### [Drawing the Horizon line: Public apathy and the oilgarchy](#)

Despite the recently - or temporarily - ended Gulf of Mexico oil spill debacle, governments, oil companies and the public are not going to get serious about shifting

away from oil or really clamping down on the industry any time soon.

### [Activists want more restrictions on natural gas](#)

WEST TRENTON, N.J. (AP) — Activists are calling for a complete moratorium on any permits that have to do with drilling for natural gas in the Delaware River basin.

### [Energy bill to debut as shadow of itself](#)

The energy bill likely to emerge in the Senate won't look like the one Obama has sought since taking office. He wants to charge utilities and other companies for a portion of their greenhouse gas emissions as a way to reduce pollution and pay for clean energy alternatives.

"I'm not sure the votes are there to do that in this Congress," says Sen. Jeff Bingaman, D-N.M., chairman of the Senate Energy and Natural Resources Committee. "You need to do whatever you're able to do when you're able to do it."

### [What Most Peak Oil Believers are Failing to Consider](#)

A lot of otherwise normal, well-functioning persons are firm believers in the idea that global oil production has irrevocably peaked -- or is soon to peak irrevocably. Whether such a peak will result in total global collapse, or simply lead to widespread economic hardship, is a point of contention within the peak oil community itself.

But the essential reasoning upon which most peak oil believers appear to base their quasi-ossified expectations is inherently invalid. The past production rates of national oil companies cannot reliably be used to predict future production potential for wells that are controlled by national sovereign oil companies -- and yet that is exactly what is being done by peak oil prognosticators and associated grifters.

True, oil production is likely to decline, causing oil prices to rise. But the reasons for the decline are critical to understand, if one wants to comprehend what is happening.

### [Scientist urges government to address peak oil risk](#)

Peak oil presents the world with an energy crisis once supplies start to dwindle any time from 2015. But another growing crisis is looming, with potentially devastating consequences for the world's food supply.

Phosphorous is an essential nutrient for plant growth, along with nitrogen and potassium. It is a key component in DNA and plays an essential role in plant energy metabolism. Without it, crops would fail, causing the human food chain to collapse.

## [The New Doom: A Second Wave of Economic Pessimism Spreading Outside Wonkdom](#)

Last week, not very far from the hedge fund manager's ranch, the billionaire John Malone gave a little-noticed interview to *The Wall Street Journal* from Allen & Co.'s annual Sun Valley conference. Asked about the biggest risks to Liberty, his media conglomerate, Mr. Malone said his concern was this country's survival. "We have a retreat that's right on the Quebec border. We own 18 miles on the border, so we can cross. Anytime we want to, we can get away."

His wife is more concerned: She's already moved her personal cash to Australia and Canada. "She wants to have a place to go," said Mr. Malone, No. 400 on this year's *Forbes* list of the richest people in the world, "if things blow up here."

## [International law - the challenges facing future legislation](#)

"When military conflicts and secret intelligence and counter terrorism become involved there is a close link between the law and politics and international relations. If there is torture by UK soldiers in Basra then a UK enquiry is required, but often it can take a political decision to actually make this happen."

And of course the worrying risk is that as international relations become more pressurised by things like peak oil, and governments' commitments to provide power and resources to their citizens become strained, so the willingness to make such decisions might diminish.

## [Sustainability group takes council to task](#)

Karen Walshe, of Future Footprints, said individuals and businesses were behind many sustainability projects, but the council showed little interest despite constant prodding.

The threats of climate change and peak oil, discussed at a seminar on Transition Towns, were not high in the consciousness of this community's leaders, she said.

## [A new way to look at the value of minerals](#)

Authors of the "Peak Minerals in Australia: A review of changing impacts and benefits", explored the questions of the future global need for minerals and metals; how to ensure that benefits outweigh costs; and what to do with the proceeds of mining to sustain long-term benefit. The report suggested that peak oil offers a useful conceptual model for understanding the impact of going from 'easier and cheaper' to 'complex and expensive' resource processing, and critically, to planning a transition to new ways of providing

energy services.

### [\\$200 Million for Smart Grid Ideas](#)

General Electric, in partnership with four prominent venture capital firms, announced a \$200 million competition for clean-energy innovation funds on Tuesday.

### [Spain overtakes US with world's biggest solar power station](#)

Spain has opened the world's largest solar power station, meaning that it overtakes the US as the biggest solar generator in the world. The nation's total solar power production is now equivalent to the output of a nuclear power station.

### [Will 'Solar Trees' Sprout in Parking Lots?](#)

Envision Solar will announce on Wednesday that it is trying out a "solar tree" that could track sunlight east to west and north to south, harvesting more energy.

### [Texas Oil Baron Is Promoting Solar Energy](#)

J. R. EWING returned to the small screen on Tuesday, and the boys down at the Cattlemen's Club just might need a double bourbon when they hear what he has to say.

Larry Hagman, the actor who played the scheming Texas oilman on the long-running (1978-1991) television show "Dallas," is reprising his role as J. R. in an advertising campaign to promote solar energy and SolarWorld, a German photovoltaic module maker.

### [Trying to Stop Cattle Burps From Heating Up Planet](#)

Australia contributes more greenhouse gases per capita than just about any other country, with its coal-fired power plants leading the way. But more than 10 percent of those gases come from what bureaucrats call livestock emissions — animals' burping.

### [Cooling caused wars and drought in China - study](#)

(Reuters) - As Chinese policymakers grapple with an expected increase in extreme weather due to global warming, a study has found that periods of cooling between AD 10 to 1900 also caused a wave of disasters, war and upheaval.



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